

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 57th LEGISLATURE - REGULAR SESSION COMMITTEE ON APPROPRIATIONS

Call to Order: By **VICE CHAIRMAN DAVE LEWIS**, on January 11, 2001
at 3:00 P.M., in Room 102 Capitol.

ROLL CALL

Members Present:

Rep. Dave Lewis, Vice Chairman (R)
Rep. Matt McCann, Vice Chairman (D)
Rep. John Brueggeman (R)
Rep. Rosalie (Rosie) Buzzas (D)
Rep. Tim Callahan (D)
Rep. Edith Clark (R)
Rep. Bob Davies (R)
Rep. Stanley Fisher (R)
Rep. Dick Haines (R)
Rep. Joey Jayne (D)
Rep. Christine Kaufmann (D)
Rep. Monica Lindeen (D)
Rep. Jeff Pattison (R)
Rep. Art Peterson (R)
Rep. Joe Tropila (D)

Members Excused: Rep. Steve Vick, Chairman (R)
Rep. Dave Kasten (R)
Rep. John Witt (R)

Members Absent: None.

Staff Present: Paula Broadhurst, Committee Secretary
Taryn Purdy, Legislative Branch

Please Note: These are summary minutes. Testimony and
discussion are paraphrased and condensed.

Committee Business Summary:

Hearing(s) & Date(s) Posted: HB 162 HB 163, 2/19/2001
Executive Action:

HEARING ON HB 162

SPONSOR: Rep. Hal Jacobson, HD 54, Helena

PROPONENTS: Kathy Fabiano, Office of Public Instruction; Bob Vogel, Montana School Board Association; Loren Frazer, School Administrators of Montana; Lynda Brannon, Montana Association of School Business Officials; Dan Beavers, Co-owner, Big Sky Bus Lines, School Bus Coordinator, Great Falls; President, Montana School Bus Contractors Association; Michael Kupilik, Chairman, Missoula County Public Schools; Greg Beach, Vice President, Beach Transportation, School Bus Contractor for Missoula; Bob Gilbert, Montana School Bus Contractors Association; Eric Feaver, Montana Education Association, Montana Federation of Teachers; Gordy Conn, former Director of Pupil Transportation at the Office of Public Instruction

OPPONENTS: NONE

INFORMATIONAL WITNESS:

OPENING STATEMENT BY SPONSOR:

Rep. Hal Jacobson, HD 54, Helena, introduced HB 162, increasing funding for school district transportation costs.

PROPONENTS:

Kathy Fabiano, Office of Public Instruction, commented that HB 162 increases state and county payments for pupil transportation to and from schools. She went on to explain where the funding for pupil transportation comes from. **EXHIBIT(aph08a01)** She stated that 1991 was the last time a rate was increased for this transportation and that 37% of school buses are 10 years old or older.

Bob Vogel, Montana School Board Association, commented that this is a top legislative priority for MSBA this year and is long overdue. He handed out information on the OPI budget and explained the declining enrollments in the Montana School Systems and how there will be a savings in school funding because of the decrease in enrollment around the state. **EXHIBIT(aph08a02)** Mr. Vogel gave the committee letters in support of HB 162. **EXHIBIT(aph08a03)**

{Tape : 1; Side : A; Approx. Time Counter : 14}

Loren Frazer, School Administrators of Montana, stated that the School Administrators of Montana support HB 162.

Lynda Brannon, Montana Association of School Business Officials, stood in support of HB 162 and commented that it is long overdue and school district taxpayers have had to pick up more than their portion and share in order to afford the increase in cost of transportation.

Dan Beavers, Co-owner, Big Sky Bus Lines, School Bus Coordinator, Great Falls; President, Montana School Bus Contractors Association, went on record as supporting both HB 162 and HB 163.

Michael Kupilik, Chairman, Missoula County Public Schools, stated that the cost to add additional special education routes has been very expensive, and when they have a shortfall in their transportation budget it comes out of their general fund. He commented that any relief they can get for the transportation budget will help greatly in their general fund.

Greg Beach, Vice President, Beach Transportation, School Bus Contractor for Missoula, commented how the costs have gone up for school transportation. **EXHIBIT**(aph08a04)

{Tape : 1; Side : A; Approx. Time Counter : 20.5}

Bob Gilbert, Montana School Bus Contractors Association, stated that their concerns are the rising costs of transportation and offered a letter to the committee from a colleague.

EXHIBIT(aph08a05)

Eric Feaver, Montana Education Association, Montana Federation of Teachers, stated that school districts have been paying for the rising costs and that it is time for the Legislature to chip in again.

Gordy Conn, former Director of Pupil Transportation at the Office of Public Instruction, commented about school bus safety and the statistics proving so.

OPPONENTS: None.

INFORMATIONAL WITNESS: None.

QUESTIONS FROM THE COMMITTEE MEMBERS AND RESPONSES:

Rep. Pattison asked what the rate is for smaller buses on extreme rural routes.

Kathy Fabiano answered that in order to be considered a bus, a vehicle must have at least 10 passengers and a bus with 10-45 person capacity receives 85 cents-per-mile.

Rep. Pattison asked if the funding in this bill for seats over 45 is the smaller busses with seats up to 45.

Kathy Fabiano answered yes it would go to \$1.05 cents-per-mile under HB 162 for any bus under 45 occupancy.

{Tape : 1; Side : A; Approx. Time Counter : 26}

Rep. Fisher asked what the average cost per mile is to operate a bus.

Greg Beach answered that it varies because of a lot of fixed costs involved in transportation, but at the current time the fixed cost for a day is around \$140-150 per day.

Rep. Fisher asked what it costs to run per mile.

Greg Beach commented that in Missoula they have a lot of special education routes and shorter routes in town so the cost per mile would be a little higher, but the average would be between \$3.50 and \$4.00 per mile to operate and includes some routes that travel as few as 15-20 miles.

Rep. Fisher asked if they used, as an example, a route that is 45 miles long and it has 45 passengers, what the cost per mile would be.

Greg Beach answered that in Missoula they contract out on a daily cost basis and it is about \$160 per day.

Rep. Fisher commented that if you took the amount of money that it costs to operate a bus and divide it by the number of miles, what would that be.

Greg Beach answered that there is very little correlation between mileage and utilization.

Rep. Fisher asked what the cost is to operate a bus in a "normal" school district, an average-size district, per mile.

Kathy Fabiano answered that she does not have that number and that they have attempted in the past to figure that number and were unable to do it because there are so many variable that affect it.

Rep. Fisher asked if there is someplace they could come up with this figure.

Kathy Fabiano answered that they could contact various districts to see if they could provide this number.

{Tape : 1; Side : A; Approx. Time Counter : 29.3}

Rep. Haines asked about the formula considering the number of students on a bus route, and was wondering if that was because the number of stops makes a significant difference in the cost to operate the bus.

Greg Beach answered the formula Rep. Haines is talking about represents a formula that was devised three sessions ago and explained the reasoning for it.

Rep. Haines stated it would seem logical to use the formula of the bus going from points A to B with a certain size bus. Then there could be a contract between the bus owner and the county and you wouldn't have to worry about the number of students on a certain week.

Greg Beach commented there would be no difference in the number of students riding, the cost is the same.

Rep. Peterson asked what similar states' formulas are and how our state compares to their rates on bus routes.

{Tape : 1; Side : B; Approx. Time Counter : 1}

Gordy Cann commented that other states funding methods are quite a bit different and that Washington State is close as far as the rider ship, and he went on to explain that it is hard to compare states.

Rep. Peterson commented that if the general thought is that our state is paying less, then there should be a comparison with other states.

Rep. Jayne asked what the effect is on the local taxpayer.

Kathy Fabiano answered in total HB 162 provides \$3.4 million in funding for district transportation, half of that coming from the state and the other half coming from a county-wide property tax levy. That means district property taxes would go down by \$3.4 million.

{Tape : 1; Side : B; Approx. Time Counter : 3.2}

Rep. Fisher asked if there is any differential paid by the state for the cost of operating in the eastern portion of the state.

Kathy Fabiano answered, no, there is no difference.

Rep. Fisher asked if the costs for the eastern parts are the same as the western parts of the state.

Kathy Fabiano stated she could not answer that question.

Rep. Brueggeman asked if the state and county governments are required to split the costs 50-50, or are the counties required to implement the addition.

Kathy Fabiano answered that is correct.

Rep. Brueggeman asked if then, it is an unfunded mandate if they decide not to raise the rate.

Kathy Fabiano answered the law requires the county match what the state pays.

Rep. Lewis asked about the competitive bidding on contracts.

Gordy Cann answered he does not know, but normally he would assume that to be true.

Rep. Lewis commented on private contracting and why these costs are not readily available for public knowledge.

Gordy Cann stated when he was working for the Office of Public Instruction, he would get a lot of calls from districts wanting to know the costs on a state level so they could do their procurement.

{Tape : 1; Side : B; Approx. Time Counter : 5.6}

VOLUNTEER WITNESS:

Steve Johnson, Bozeman School District, commented that Bozeman School Districts pride themselves in competitively bidding their transportation contracts every 5 years. He stated they currently pay \$2.31 per mile and they do studies from time to time to compare themselves to other districts.

Mary Vagner, Missoula County Public Schools, commented on the cost of labor and the difficulty in trying to find part-time

employees to drive the bus routes, and also talked about the variables that complicate the formula in finding a cost per mile.

Rep. Haines asked is it specified that you have to pass a levy in order to receive funding for school transportation.

Mary Vagner commented they have to go to the vote of the people to receive funding for transportation but did not know the specifics of the current law.

Kathy Fabiano stated, yes, it is a permissive levy on the county level.

Rep. Jayne asked how much the taxpayer will have to pay.

Kathy Fabiano answered for every dollar that the state payment increases, the county payments state wide would increase the same amount.

Rep. Jayne asked if the amount was \$1.7 million, then the counties would have to come up with \$1.7 million.

Kathy Fabiano stated it is a state-wide figure, so all 56 counties combined would have to come up with \$1.7 million.

Rep. Buzzas asked if, because HB 162 would provide \$3.4 million, district property taxes would decrease by that amount.

Kathy Fabiano answered that yes, that would apply to school district property taxes.

Rep. Buzzas asked if the county taxes would have to match the school district taxes, which are also taxed at the local level, would decrease.

Kathy Fabiano answered that is correct and used an example.

Rep. Buzzas asked if there would be a net reduction to local property tax owners if the state funded this Legislation.

Kathy Fabiano answered that is correct and there would be a \$1.7 million net reduction in local property taxes.

{Tape : 1; Side : B; Approx. Time Counter : 12.4}

Rep. Lewis stated that they would have to raise one mill on the county and the district would be reduced by an equivalent amount.

Kathy Fabiano answered they are talking about statewide averages.

CLOSING BY SPONSOR:

Rep. Jacobson closed on HB 162 and explained the difference between HB 162 and HB 163.

HEARING ON HB 163

SPONSOR: Rep. Hal Jacobson, HD 54, Helena

PROPONENTS: Kathy Fabiano, Office of Public Instruction; Bob Vogel, Montana School Board Association; Steve Johnson, District Clerk for Bozeman School District; Michael Kupilik, Chairman, Missoula County Public Schools; Lynda Brannon, Montana Association of School Business Officials; Eric Feaver, Montana Education Association, Montana Federation of Teachers; Dan Beavers, Co-owner, Big Sky Bus Lines, School Bus Coordinator, Great Falls; President, Montana School Bus Contractors Association; Bob Gilbert, Montana School Bus Contractors Association; Greg Beach, Vice President, Beach Transportation, School Bus Contractor for Missoula; Loren Frazer, School Administrators of Montana

OPPONENTS: None.

INFORMATIONAL WITNESS: None.

OPENING STATEMENT BY SPONSOR:

Rep. Hal Jacobson, HD 54, Helena, introduced HB 163, and commented it is the same as HB 162, but in addition to increasing the state and county share of district transportation costs, HB 163 changes the way the state and county payments to districts are determined.

PROPONENTS:

Kathy Fabiano, Office of Public Instruction, stated when preparing this bill they surveyed the districts, asking if they were going to make more changes besides just putting more funding into the bill, and they stated overwhelmingly to get rid of the high school rider ship count, citing that it is untimely for budget purposes and it is not fair. She referred to Exhibit 1 and explained why the districts want to eliminate this part of the bill.

Bob Vogel, Montana School Board Association, stood in support of HB 163 and passed around to the committee some additional testimony from Helena Public Schools. **EXHIBIT (aph08a06)**

Steve Johnson, District Clerk for Bozeman School District, commented that he supports both HB 162 and HB 163 but waited to testify on this bill alone because he liked it better and explained why.

Michael Kupilik, Chairman, Missoula County Public Schools, stood in support of HB 163.

Lynda Brannon, Montana Association of School Business Officials, stood in favor of HB 163.

{Tape : 1; Side : B; Approx. Time Counter : 26}

Eric Feaver, Montana Education Association, Montana Federation of Teachers, stood as a proponent of HB 163.

Dan Beavers, Co-owner, Big Sky Bus Lines, School Bus Coordinator, Great Falls; President, Montana School Bus Contractors Association, stood in support of HB 163.

Bob Gilbert, Montana School Bus Contractors Association, stood in favor of HB 163.

Greg Beach, Vice President, Beach Transportation, School Bus Contractor for Missoula, stood in support of HB 163.

Loren Frazer, School Administrators of Montana, stood as a proponent for HB 163.

OPPONENTS: None.

INFORMATIONAL WITNESS: None.

QUESTIONS FROM THE COMMITTEE MEMBERS AND RESPONSES:

Rep. Lindeen asked if under HB 162 there is a \$3.4 million dollar increase in the general fund over the biennium.

Kathy Fabiano answered \$1.7 million in the general fund, \$1.7 million from counties and the cost is the same. There is an appropriation in both bills of \$1.7 million and it was purposely created this way to keep the costs the same. She stated that different districts will receive a different reimbursement under these bills such as in HB 162, every districts reimbursement will go up by 20 cents per mile.

Rep. Kauffman asked if he wants both of the bills to pass and wanted a little more clarification on the two bills in relation to each other.

{Tape : 2; Side : B; Approx. Time Counter : 0.8}

Rep. Jacobson answered that they are giving the committee a choice and when given that choice he would prefer HB 163 pass.

Rep. Lewis asked about numbers that would give HB 163 a cost neutral bill.

Kathy Fabiano answered that she could not give Rep. Lewis those numbers right away.

CLOSING BY SPONSOR:

Rep. Jacobson closed on HB 163.

ADJOURNMENT

Adjournment: 4:03 P.M.

REP. STEVE VICK, Chairman

PAULA BROADHURST, Secretary

SV/PB

EXHIBIT (aph08aad)